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## **PRESS RELEASE**

### **USAID Organized Eighth Meeting of the AgFinance Working Group**

The USAID-funded Central Asia Microfinance Alliance Project (CAMFA II) conducted the eighth meeting of the AgFinance Working Group on December 11, 2008 at the Bishkek Hyatt Regency. The meeting brought together representatives of banking and non-banking financial institutions, governmental agencies, donors, and business associations, and was focused on those who directly or indirectly promote the development of the rural and agricultural finance sectors in the Kyrgyz Republic.

The topics of the meeting were:

1. Mergers and Acquisitions (M&A) in Microfinance,
2. Treatment of Leasing under the new Tax Code.

In many countries M&A has become a widely accepted solution when there is a need to join two or more businesses to create a new, stronger one with greater economy of scales. Kyrgyzstan has hundreds of small microfinance institutions that are unlikely to survive because of low efficiency and problems with finding investors. M&A can be a strategic response to growing competition and a chronic lack of capital. What is M&A in practice? How should it be implemented? These and other questions were discussed on December 11<sup>th</sup>, 2008.

The Ag Finance Working Group has been actively promoting leasing in Kyrgyzstan since May, 2007. Based on the efforts of the working group, a new law removing barriers for the development of leasing was approved earlier this year. Starting in 2009 the new Tax Code will be used, and International Finance Corporation initiated a study to find out how leasing will be treated under the new code. The results of the study were presented at the meeting.

One of the keynote speakers was Mr. Kubanych Abdraimov, CEO of Kompanion Microcredit Company, who shared the experience of his company in consolidating five small microcredit programs into one large and successful microfinance institution. The other keynote speaker, Ms. Dilbara Sheishekeeva, presented the results of the study she conducted for IFC on how leasing will be treated under the new Tax Code. The meeting was concluded with a panel discussion by representatives of the IFC and USAID's Policy Reform Project, which was moderated by Buajar Abdykadyrova, Rural Finance Manager of the CAMFA II Project.

The CAMFA II Project is a USAID-funded initiative implemented by ACDI/VOCA. With headquarters in Bishkek, this three-year project (2006 – 2009) has the objective of increasing access to a broad range of financial services and deepening the outreach of micro and small businesses, especially in rural and isolated regions throughout Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan. The main areas for improvement addressed under the project are the enabling environment and promotion of innovative lending methodologies suitable for rural customers.

This project is one of the many assistance projects supported by the American people through USAID in Central Asia. Since 1992 the American people through USAID have provided more than \$1.5 billion in programs that support the region's economic growth, democratic institutions, and social sector development in the Central Asian countries.